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PRIVATE PENSION SYSTEM IN TURKEY: The Case of Aydın province

ABSTRACT

The current account deficits of social security systems in recent years have been located at the beginning of the most important problems in both developed and developing countries. Although various measures had been taken, the deficits in social security systems could not be prevented and as a result this deficits cause collapses in living standards of individuals in their retirement duration. The searching for additional incomes for raising life standards during retirement periods and the desire to maximize revenues of individuals have uncovered the needs of intertemporal benefit maximization. So, the expansion on a global scale of the reconstruction efforts on pension systems has gained speed. The various alternatives have been revealed in the pension systems by new reforms and the private pension system is the one of these alternatives.

The aim of this thesis is provide information about where the private pension system take part in the social security system of Turkey and how is the application format. The history, development, operation and legislation of the private pension system has been examined while trying to perform this aim. It has been presented a summary of the public social security system and exposed the efficiency of the private pension system as empirically.

According to the studies and the conclusions, especially young and middle-aged individuals, who does not want to lose their living standards after active working life, contribute to the private pension system. It has been determined that contributions of individuals was related with the saving power, moreover the saving power was related with marital status, number of children, non-wage incomes and similar facts. The individuals, who expect that public pension systems would be insufficient to provide their needs, consider the private pension system, which is complement to the mandatory pension system and offering opportunity for second pension salary, as an ideal investment vehicle.

KEYWORDS

Retirement Systems, Private Pension System, Social Security System.